

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6906

BILL NUMBER: SB 274

NOTE PREPARED: Jan 23, 2004

BILL AMENDED: Jan 22, 2004

SUBJECT: Tax Abatement Fee.

FIRST AUTHOR: Sen. Skillman

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: (Amended) This bill allows a city, town, or county that grants a tax abatement to impose an annual fee on the recipient of the abatement in an amount not to exceed the lesser of: (1) 15% of the additional property taxes that would have been paid during that year without the abatement; or (2) \$100,000. The bill allows the designating body to terminate the abatement if the fee is not paid.

Effective Date: July 1, 2004.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) Under this bill, the economic revitalization area (ERA) designating body would be permitted to impose a fee upon taxpayers in the ERA that is equal to a percentage of the taxpayers' abated property taxes. The percentage would be set by the designating body by resolution and could not exceed 15%. Additionally, the fee would be limited to \$100,000. The fee could be assessed only against abatements that are approved after June 30, 2004, and could not be assessed against abatements in a residentially distressed area. Taxpayers that fail to pay the fee could lose their abatement.

Fee revenue would have to be distributed to one or more public or nonprofit entities that promote economic development within the area served by the designating body.

The amount of revenue generated by this bill would depend on (1) the property tax savings from abatements approved after June 30, 2004, and (2) the fee percentage, if any, adopted by the designating bodies.

State Agencies Affected:

Local Agencies Affected: ERA designating bodies; County auditors; County treasurers.

Information Sources:

Fiscal Analyst: Bob Sigalow, 317-232-9859.